

**Minerals Management Service
Interim Policy Document**

Effective Date: September 7, 2005

IPD No. 05-09

Series: Administrative

Title: Administrative Services Agreements

Originating Office: Chief of Staff Office, Administration and Budget

1. Purpose. This IPD provides Minerals Management Service (MMS) policy governing the issuance, managing, and cost reimbursement for Administrative Services Agreements.

2. Objective. The objective of MMS's Administrative Services Agreement program is to obtain or provide quality service and innovative solutions to meet customer business needs. The MMS Administrative Services Agreement cost reimbursement program is intended to ensure that:

A. Full costs are assessed on all applicable services.

B. MMS fully recovers all costs incurred for providing the services.

C. The MMS Administrative Service Agreement cost reimbursement activities are administered in full compliance with Federal requirements.

3. Authority.

A. Economy Act, 31 U.S.C. 1535

(1) The Associate Director for Administration and Budget is authorized under this Act to enter into reimbursable service agreements with other Federal departments, establishments, bureaus, or offices to obtain or provide materials, work, or services of any kind which pertain to administrative functions and responsibilities.

(2) Internal reimbursable administrative service agreements will comply with the provisions of the Economy Act.

4. Definitions.

A. Administrative services include but are not limited to accounting services, including operational reviews, requirement analysis, reporting, and quality assurance; transportation and travel services; property management services; mail management services; printing and graphics services; budget services; information resources management systems and services; document management services; telecommunications; facilities management services, including space planning, leasing and alteration services, and building maintenance; acquisition services; human resources management products and services, including recruiting, staffing, workforce planning/restructuring, labor management, employee relations,

payroll services, performance management, organizational development and specialized employee services such as security clearances, and wellness program services.

B. Direct costs are those costs readily identified with a specific project or organizational activity.

C. Indirect costs are those costs that cannot be identified specifically with or traced to a given cost object in an economically feasible way.

D. Full cost includes direct and indirect costs.

5. Policy.

A. Only the Associate Director for Administration and Budget has the authority to enter into reimbursable Administrative Service Agreements. Re-delegation of this authority is at the discretion of the Associate Director for Administration and Budget.

B. Division Chiefs and Service Center Managers may negotiate Administrative Service Agreements which are consistent with their respective responsibilities and authorities.

C. An indirect cost waiver is required when indirect costs will be charged at a lower rate than the established indirect rate. These waivers are obtained on a case-by-case basis from the Associate Director for Administration and Budget.

6. Methodology.

A. This IPD creates a sustainable process for capturing financial data used to determine and document all cost components, direct and indirect.

B. The MMS will use a simplified process for establishing an indirect cost rate. Under this simplified procedure, the MMS annual financial report and immediately available supporting information shall be utilized as the basis for determining the indirect cost rate applicable to all administrative service agreements. (See attached illustration)

C. Agreements will be entered into utilizing an estimate of overhead costs. Charges for services will be based on actual indirect and direct costs incurred. The cost of the administrative service agreements can only be determined after receipt of a detailed scope of services to be provided by MMS. The actual cost will be communicated to the client. Since costs cannot exceed the agreement amount, agreements that are approaching the total agreement amount must be renegotiated to either adjust the level of services provided or increase the agreement amount.

D. Any changes in terms of the administrative service agreement, modification of the scope of work, and changes in economic factors must be made in writing and agreed upon by both the client and the MMS.

E. Administrative service agreements are subject to cancellation, by written memo and by either party, with the understanding that MMS shall be reimbursed for costs of all completed and partially completed work as of the effective date of the cancellation.

F. A Reimbursable Administrative Service Agreement Form shall be used and maintained as the official working record file at the authorizing level.

7. Reconciliation. This IPD establishes the requirement for the systematic review and reconciliation of Administrative Services Agreements to ensure the alignment between estimated and actual costs and to prevent cost overruns. Reconciliation activities are part of the MMS Administrative Services Agreement cost reimbursement program; reconciliation details will be established in the actual agreement. The estimated overhead amount will be adjusted to actual costs incurred in providing services. These activities will be documented and retained in accordance with established MMS records management policy for internal and external audit purposes.

8. Cancellation. This IPD will remain in effect until incorporated into the MMS Manual.

Robert E. Brown
Associate Director for
Administration and Budget

Methodology For Using FY 2004 Actual Obligations to Calculate Overhead Rate
Using Final Status of Funds Report, As of October 4, 2004

	Annual Approp	Offsetting	Carryover Oblig CO Into FY04	Actual Total	Budget
General Admin	ROMM	Collections		Obligations	Authority
FY 2004 Actual Obligations	\$28,485,455	\$15,398,180	\$6,226,200	\$50,109,835	\$44,488,587
FY 2004 Reimbursable Pay				(\$1,890,872)	
FY 2004 Reimbursable Benefits				(\$378,174)	\$2,269,046
FY 2004 Indirect Chgs to Pgms				(\$11,809)	
Net General Admin				\$47,840,789	
Overhead Rate Calculation:	\$222,304,413	\$50,109,835	22.5%		
Offshore Minerals Management	Annual Approp	Offsetting	Carryover Oblig CO Into FY04	Actual Total	Budget
	ROMM	Collections		Obligations	Authority
FY 2004 Actual Obligations	\$81,432,534	\$55,156,182	\$5,578,958	\$142,167,674	
FY 2004 Admin chgd Direct				\$6,754	
FY2004 Reimb Payroll/Benefits				(\$130,517)	
Total FY 2004 Obligations				\$142,043,911	
Overhead Rate	22.5%	22.5%	22.5%		
Overhead Amount Applied	\$18,355,780	\$12,432,804	\$1,257,558	\$32,046,142	\$139,288,508
Minerals Revenue Management:	Annual Approp	Offsetting	Carryover Oblig CO Into FY04	Actual Total	Budget
	ROMM	Collections		Obligations	Authority
FY 2004 Actual Obligations	\$53,100,148	\$26,383,924	\$652,667	\$80,136,739	
FY 2004 Admin chgd Direct				\$5,056	
FY2004 Reimb Payroll/Benefits				(\$44,684)	
FY2004 Reimb Obligations				(\$45,289)	
Total FY 2004 Obligations				\$80,051,822	
Overhead Rate	22.5%	22.5%	22.5%		
Overhead Amount Applied	\$11,969,351	\$5,947,224	\$147,118	\$18,063,693	\$79,731,900
FY 2004 Reimbursable Activity				Actual Total Obligations	
Reimbursable Pay/Benefits				\$2,269,046	
Reimbursable Obligations				\$159,412	
Reimb Payroll/Benefits-OMM				\$130,517	
Reimb Payroll/Benefits-MRM				\$44,684	
Reimb Obligations-MRM				\$45,289	
Total FY 2004 Obligations				\$2,428,458	
Total MMS	Annual Approp	Offsetting	Carryover Oblig CO Into FY04	Actual Total	Budget
	ROMM	Collections		Obligations	Authority
FY 2004 Actual Obligations	\$134,532,682	\$81,540,106	\$6,231,625	\$222,304,413	
Overhead Amount Applied	\$30,325,131	\$18,380,028	\$1,404,676	\$50,109,835	
Total MMS	\$164,857,813	\$99,920,134	\$7,636,301	\$272,414,248	\$219,020,408
				\$47,840,789	
Adjusted Overhead Rate				\$222,095,732	21.54%